

ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Lempert Analyst: Gloria McConnell Bill Number: AB 524
Related Bills: See Legislative History Telephone: 845-4336 Amended Date: 06/29/00
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Board of Control/Franchise Tax Board Collection of Restitution Fines

SUMMARY OF BILL

Under this bill, the dollar threshold for restitution fines that may be referred to the Franchise Tax Board (FTB) by the Board of Control (BOC) under the court-ordered debt (COD) collection program would be lowered from \$250 to \$100. The caseload referred to FTB could be limited based on the current [computer system] capacity of FTB.

SUMMARY OF AMENDMENT

This amendment deletes the provisions of the bill as introduced and changes the author. The previous provisions in the bill did not affect the FTB. Previously the bill pertained to the administration of the California Endangered Species Act, as authored by Assemblyman Machado. According to the author's office, the purpose for which this bill was amended did not materialize and therefore, this bill, as it is amended, will not be moved forward in the legislative process.

EFFECTIVE DATE

This bill would be effective and operative on January 1, 2001.

LEGISLATIVE HISTORY

AB 2371 (Lempert/2000), as amended May 3, 2000, contains the same provisions as this bill.

SB 1310 (Vasconcellos/2000), as amended July 6, 2000, would extend the COD pilot program one year and require that the report to the Legislature that is presently due on April 1, 2001, expressly address the feasibility and advisability of expanding the COD program to accept referrals from all 58 counties.

PROGRAM HISTORY/BACKGROUND

AB 3343 (Stats. 1994, Ch. 1242) required FTB to implement a pilot program for the collection of certain CODs. A report to the Legislature would have been due by April 1, 1998, and the pilot program would have sunset December 31, 1998. Subsequently, SB 1106 (Stats. 1997, Ch. 604) was enacted and provided that:

Board Position:

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Department Director

Date

Alan Hunter for GHG

7/28/00

- ?? expanded the types of debts that could be referred to FTB's COD collection program to include restitution orders referred by governmental entities, which includes BOC;
- ?? extended to April 1, 2001, the date the COD pilot collection program report is due to the Legislature; and
- ?? extended to January 1, 2002, the sunset date for the COD pilot collection program.

The COD pilot program began in 1995 with 36 courts in seven counties. Currently, the COD pilot program provides collection services for 98 courts in 17 counties. Approximately 260,000 COD accounts are in FTB's inventory, of which approximately 2,000 accounts are restitution fines referred by BOC.

SPECIFIC FINDINGS

Currently, according to BOC staff, during the period that a person is on probation or parole, the counties/courts enforce restitution fines. BOC receives unsatisfied restitution debts from the various counties/courts when the person is released from probation or parole. The restitution for crimes committed may be owed to the state or the victim. BOC is authorized to enforce the restitution fine as though it were a money judgment. Through FTB's existing COD pilot collection program, BOC may refer the debt to FTB for collection as though it were a delinquent personal income tax liability, but the amount referred must equal at least \$250.

Under this bill, the threshold for amounts BOC can refer to FTB is reduced to \$100. FTB may limit these BOC referrals based on its current capacity.

Implementation Considerations

This bill would not significantly affect FTB's operations or programs. FTB staff anticipates this bill would be implemented within FTB's existing COD collection program subject to its current computer system capacity, as has been discussed with the sponsor of this bill. The bill, however, does not specifically provide that the capacity is with respect to FTB's computer system.

Technical Consideration

This bill, AB 2371 and SB 1310 all amend Section 19280 of the Revenue and Taxation Code. Because SB 1310 amends Section 19280 differently than this bill (and AB 2371), if it is later determined that this bill is going to be moved through the legislative process, this bill should be amended to "double-join" it to SB 1310 to prevent the enactment of SB 1310 from "chaptering out" changes made by this bill.

FISCAL IMPACT

Departmental Costs

The provisions of this bill are not expected to increase the department's costs significantly. As required under current law, any costs would be reimbursed from the amount collected by FTB, and the costs could not exceed 15% of the amount collected on these BOC debts.

Tax Revenue Estimate

The amount of collections that may be generated by FTB on these types of debts is unknown.

BOARD POSITION

Support. At its July 5, 2000, meeting, the FTB voted 2-0 to support the provision of AB 2371 (Lempert), with member B. Timothy Gage abstaining. AB 2371 contains the same provisions and has the same author as this bill.

